

Message Text

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PAGE 01 MADRID 03971 231205Z
ACTION EUR-12

INFO OCT-01 ISO-00 TRSE-00 FRB-03 SP-02 EB-07 L-03
NSC-05 INR-07 CIAE-00 IGA-02 SS-15 /057 W
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FM AMEMBASSY MADRID
TO SECSTATE WASHDC 402
INFO USMISSION OECD PARIS

C O N F I D E N T I A L MADRID 3971

E.O. 11652: GDS
TAGS: EFIN, SP
SUBJECT: SPANISH LOANS

REF: MADRID 3429 AND OECD PARIS 14804

1. THE SPANISH SEARCH FOR LOANS IS YIELDING MORE
UNDERSIZE FRUITS. FOLLOWING ON THE HEELS OF THE 500-
MILLION D-MARK LOAN (SEE MADRID 3429), THE KINGDOM
OF SPAIN HAS NOW ARRANGED FOR A 125-MILLION SWISS
FRANC BOND ISSUE FROM THE UNION OF SWISS BANKS
(FIVE YEARS AT AN ANNOUNCED RATE OF 6.25 PERCENT).
THE GOS IS ALSO PREDICTING SUCCESS IN ITS EFFORTS
TO OBTAIN A YEN LOAN OF UNCERTAIN SIZE. THESE LOANS,
AND RECENT SMALLER ONES, HAVE NOT BEEN ADEQUATE TO
STEM THE CONTINUING DESCENT OF FOREIGN RESERVES AT
A RATE OF JUST UNDER 100 MILLION DOLLARS A MONTH.

2. IT HAS BEEN REPORTED THAT DURING THE FIRST TWO
MONTHS OF 1977 NEW SPANISH FOREIGN FINANCIAL
INDEBTEDNESS AMOUNTED TO 715 MILLION DOLLARS.
WELCOME AS THIS INFUSION IS, DEBT SERVICE WILL COST
SPAIN 2.5 TO 3 BILLION DOLLARS THIS YEAR AND THE
SPANISH CURRENT ACCOUNT DEFICIT IS NOT EXPECTED TO
BE MUCH DIFFERENT THAN LAST YEAR'S 4.3 BILLION DOLLARS.

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ASSUMING THAT THE GOS WOULD LIKE TO LIMIT, IF POSSIBLE,
ITS DRAWDOWN OF RESERVES TO ABOUT LAST YEAR'S ONE
BILLION DOLLARS (ENDING THIS YEAR WITH 3.9 BILLION IN
RESERVES), SPANISH ENTITIES MUST STILL OBTAIN NEW LOANS
OF AT LEAST 3.5 OR 4 BILLION DOLLARS. WHETHER THIS IS
POSSIBLE MAY BECOME CLEARER SOMETIME AFTER THE JUNE
ELECTIONS. STABLER

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 23-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Handling Restrictions: n/a
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Secure: OPEN
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Subject: SPANISH LOANS
TAGS: EFIN, SP
To: STATE
Type: TE
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